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SIPDIS

STATE FOR EUR/CE M. LIBBY AND J. MOORE  
STATE FOR INR/EUR A. HARMATA

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SUBJECT: SLOVAK PRESIDENT SIGNS CONTROVERSIAL "STRATEGIC ENTERPRISES"  
LAW

REF: BRATISLAVA 464

¶1. (U) Despite strong, unified opposition from both labor unions and the business community, President Gasparovic yesterday signed the "Strategic Enterprises" law (reftel) that was rushed through Parliament with little debate earlier this month. All of the international chambers of commerce present in Slovakia opposed the legislation, and ten of the chambers took the somewhat unusual step of sending a joint letter to the President asking that he veto the law. There was also considerable domestic opposition, as both the Trade Union Confederation and the Slovak Federation of Employers Association--which has enjoyed good relations with the current government--spoke out against the legislation.

¶2. (SBU) Jake Slegers, Executive Director of the American Chamber of Commerce in Slovakia, told us he was a bit surprised that Gasparovic signed the law. He said that the President's office had indicated to him in the past week that a veto was likely, and he told us of a November 9 meeting between labor, business, and government leaders presided over by Labor Minister Viera Tomanova, where all sides agreed to jointly recommend that Gasparovic veto the legislation. Stressing that opposition to the legislation existed even at the cabinet level, Slegers speculated that PM Robert Fico personally pressured Gasparovic to sign the law.

¶3. (U) As described reftel, the Strategic Enterprises Law will allow the Slovak government to nationalize "strategic" companies whose shutdown would have a "wide social impact." Minister of Economy Lubomir Jahodatek has downplayed the legislation, describing it simply as an anti-crisis measure that will expire at the end of 2010. Many observers see the law primarily as an effort to avoid the loss of 1500 jobs at the Novacke Chemicke Zavody (NCZ) chemical factory that recently declared bankruptcy, and not necessarily directed at other companies. Fico has stated publicly, however, that he may seek to extend the law past its expiration next year.

COMMENT

¶4. (SBU) This law was a rushed effort to head off the potential political damage that would result from job loss at the factory in an election year. The cabinet clearly did not anticipate the firestorm that followed the legislation's approval, and it's surprising that the law wasn't subsequently modified to make it more palatable to business and labor interests. Given the damage this law is likely to cause to relations with business leaders, Fico or someone in his immediate circle must have pushed very hard to have the law signed.

EDDINS